

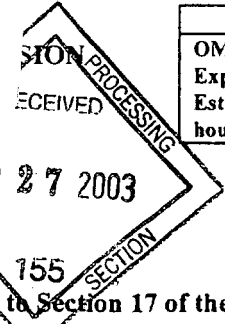
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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	September 30, 1998
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-45056

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

Banorte Securities International, Ltd.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

712 Fifth Avenue, 21st Floor

(No. and Street)

New York

(City)

NY

(State)

10019

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Edwin Garcia

(212) 484-5231

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

(Name — if individual, state last, first, middle name)

1177 Avenue of the Americas

(Address)

New York

(City)

NY

(State)

10036

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not in residence in United States or any of its possessions.

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Edwin Garcia, swear (or affirm) that, to the best of my knowledge and believe the accompanying financial statement and supporting schedules pertaining to the firm of Banorte Securities International, Ltd., as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

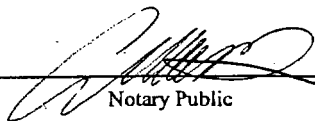
No exceptions.



Signature

Finance / Administration

Title


Notary Public

ANDY HUI
Notary Public, State of New York
No. 31-4990413
Qualified in New York County
Certificate filed in Kings County
Commission Expires Dec. 30, 2005

This report** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

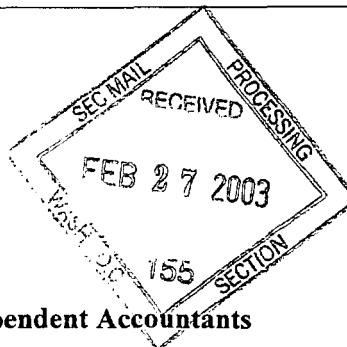
**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Banorte Securities International, Ltd.

(an indirect wholly owned subsidiary of
Casa de Bolsa Banorte, S.A. de C.V.)

Statement of Financial Condition
December 31, 2002





PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York NY 10036
Telephone (646) 471 4000
Facsimile (813) 286 6000

Report of Independent Accountants

To the Board of Directors and Stockholder of
Banorte Securities International, Ltd.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Banorte Securities International, Ltd. (an indirect wholly owned subsidiary of Casa de Bolsa Banorte, S.A. de C.V.) at December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers ZLP

January 31, 2003

Banorte Securities International, Ltd.
(an indirect wholly owned subsidiary of
Casa de Bolsa Banorte, S.A. de C.V.)
Statement of Financial Condition
December 31, 2002

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Assets

Cash and cash equivalents	\$ 157,998
Securities owned, at market value (\$6,528,544 held at clearing broker)	6,627,844
Due from clearing brokers	487,268
Accounts receivable	120,514
Furniture, equipment and leasehold improvements (net of accumulated depreciation and amortization of \$564,468)	90,296
Other assets	<u>51,873</u>
Total assets	\$ 7,535,793

Liabilities and Stockholder's Equity

Accrued compensation	\$ 632,252
Accounts payable and accrued expenses	380,776
Deferred rent	<u>17,239</u>
Total liabilities	<u>1,030,267</u>
Stockholder's equity:	
Common stock (no par value, 200 shares authorized, 50 shares issued and outstanding)	500
Additional paid-in capital	8,675,474
Accumulated deficit	<u>(2,170,448)</u>
Total stockholder's equity	<u>6,505,526</u>
Total liabilities and stockholder's equity	\$ 7,535,793

The accompanying notes are an integral part of this statement of financial condition.

Banorte Securities International, Ltd.
(an indirect wholly owned subsidiary of
Casa de Bolsa Banorte, S.A. de C.V.)
Notes to Statement of Financial Condition

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1. Organization and Significant Accounting Policies

Banorte Securities International, Ltd. (the "Company"), an indirect wholly owned subsidiary of Casa de Bolsa Banorte, S.A. de C.V. ("Bolsa"), is a New York corporation which was organized in February 1992 and commenced operations in August 1993. The Company trades in Mexican and U.S. securities, primarily on the Mexican stock exchange and the over the counter markets. The Company is a registered broker-dealer and introducing futures broker.

All domestic securities transactions are cleared through clearing brokers on a fully-disclosed basis and, accordingly, the Company does not carry securities accounts for these customers or perform custodial functions relating to their securities. Due from clearing brokers consists primarily of cash balances held at the clearing brokers.

The Company defines cash and cash equivalents as highly liquid investments with original maturities of three months or less at the time of purchase, other than those held for sale in the ordinary course of business.

At December 31, 2002, securities owned consisted of \$6,300,000 of U.S. Treasury Securities, \$228,544 of money market mutual fund, \$99,300 of certificate of deposit maturing in greater than ninety days. The certificate of deposit is used as collateral for a letter of credit in support of the lease agreement.

Furniture, equipment and leasehold improvements are recorded at cost, net of accumulated depreciation and amortization. Furniture and equipment are depreciated on a straight-line basis over the estimated useful life of five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their economic useful lives or the terms of the underlying lease.

The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statement. Actual results could differ from those amounts.

At December 31, 2002, substantially all of the Company's financial instruments are carried at fair value or amounts approximating fair value.

Under SFAS 140, securities which are held at a clearing broker can be sold or rehypothecated by the holder. At December 31, 2002, \$6,528,544 of the Company's securities are deposited with a clearing broker and are available for hypothecation. Additionally, pursuant to the terms of the agreement between the Company and the clearing broker, the clearing broker has the right to charge the Company for losses that result from a counterparty's failure to fulfill its obligations. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing broker, the Company believes there is no maximum amount assignable to this right. At December 31, 2002, the Company has not recorded any liabilities with regard to the right. The Company has the ability to pursue collection from or performance of the counterparty.

Banorte Securities International, Ltd.
(an indirect wholly owned subsidiary of
Casa de Bolsa Banorte, S.A. de C.V.)
Notes to Statement of Financial Condition

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2. Regulatory Requirements

The Company is subject to the Securities and Exchange Commission's ("SEC") Uniform Net Capital Rule ("the Rule") and has elected to compute its net capital under the Basic Method of this Rule. This Rule requires that the Company maintain minimum net capital, as defined, equal to the greater of \$100,000 or 6-2/3 percent of aggregate indebtedness, as defined. At December 31, 2002, the Company had net capital of \$6,115,886, which was \$6,015,886 in excess of its required net capital. The Company's aggregate indebtedness to net capital ratio was .17 to 1.

The Company is exempt from the provisions of SEC Rule 15c3-3 under paragraph (k)(2)(ii).

The Company does not carry customer regulated commodity accounts, foreign futures accounts, or foreign options accounts. All customer transactions are cleared on a fully disclosed basis through a clearing broker. The Company's requirement under Regulation 1.17 is less than the amount described above.

3. Concentration of Credit Risk

A substantial portion of the Company's assets are held at a clearing broker. The Company is subject to credit risk should the clearing broker be unable to fulfill these obligations.

In the normal course of business, the Company's clearing brokers are exposed to risk of loss on customer transactions in the event of a customer's inability to meet the terms of its contracts. The clearing brokers may have to purchase or sell securities at prevailing market prices in order to fulfill the customer's obligations. The Company has agreed to indemnify the clearing brokers for losses that the clearing broker may sustain from the customer accounts introduced by the Company. As of December 31, 2002, there were no such amounts owed to the clearing broker by these customers.

4. Commitments and Contingencies

The Company leases various office space under lease agreements. Future minimum annual rental commitments, at December 31, 2002 are:

2003	\$ 210,318
2004	<u>24,884</u>
	<u>\$ 235,202</u>

The leases are subject to certain escalation clauses.

5. Income Taxes

At December 31, 2002, the Company has net operating loss carryforwards and capital loss carryforwards for tax reporting purposes of approximately \$947,000 and \$1,112,000, respectively. The net operating loss carryforwards and capital loss carryforwards begin to expire in 2010 and 2003, respectively.

Banorte Securities International, Ltd.
(an indirect wholly owned subsidiary of
Casa de Bolsa Banorte, S.A. de C.V.)
Notes to Statement of Financial Condition

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At December 31, 2002, the Company had a deferred tax asset of approximately \$823,000 consisting primarily of the tax effect of the carryforwards. Since, based on available evidence, it is more likely than not that the deferred tax asset will not be realized, a valuation allowance in the same amount was established.

The statutory tax rate differs from effective rate due to the effects of net operating loss and capital loss carryforwards.

6. Related-Party Transactions

The Company pays certain operating expenses on behalf of Bolsa in its ordinary course of business, for which Bolsa reimburses the Company. As of December 31, 2002, the Company had receivable from Bolsa of \$14,975 for such expenses which were paid during 2002.